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ABSTRACT

This report introduces the issue of funding statewide initiatives for Arizona community colleges and suggests possible approaches that could be used to address the issue. This paper is intended to provide a starting point for a dialogue between the State Board of Directors for Community Colleges of Arizona and other interested parties, including the community college presidents and district governing board members. This paper asserts that four alternatives for funding statewide initiatives appear to be available. The alternatives discussed in this report are: (1) contributions from the community college districts; (2) separate appropriation by the legislature; (3) designation of a portion of state aid for statewide initiatives; and (4) imposition of a statewide tuition increment. This report examines the applicability, advantages, and disadvantages of each of these four alternatives. This report also suggests an outline for implementing these alternatives. Because of its flexibility, Alternative 1 can be implemented at any time. The other alternatives require greater advanced planning. Suggests some elements for the implementation of these alternatives, which are of particular importance for Alternatives 2, 3, and 4. This paper concludes with a list of discussion topics and questions to consider. (VWC)

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Funding Statewide Initiatives:
A Discussion Paper for the State Board of Directors for Community Colleges of Arizona

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State Board of Directors for Community Colleges of Arizona

Funding Statewide Initiatives:
A Discussion Paper for the State Board of Directors for Community Colleges of Arizona

The following discussion introduces the issue of funding statewide initiatives for Arizona community colleges and suggests possible approaches that could be used to address the issue. The paper is intended to provide a starting point for a dialogue between the State Board and other interested parties, including the community college presidents and district governing board members.

Don Puyear, March 1997

The State Board's mission to ". . . provide an integrated statewide system of community colleges that satisfies the differing educational needs of all the people of Arizona" requires the State Board to take a broad view of community college programs and services. In the past year the State Board provided support and leadership for the Transfer Articulation Task Force and for Arizona Learning Systems. In 1994 the State Board's Task Force on Institutional Effectiveness Measures issued its report calling for ". . . an annual report of institutional effectiveness of Arizona's community colleges prepared by the staff of the State Office with the participation of each district." These initiatives will continue and new ones will emerge as the State Board considers the broad needs of the State. Such initiatives each require some level of funding.

During the past several years Arizona community colleges have struggled with the question of how to secure funding for statewide initiatives. Two examples currently require resolution: (1) A statewide student information system has been "almost ready to go" for several years, waiting stable, continuing funding. (2) The implementation of the transfer support services outlined in the report of the Transfer Articulation Task Force in October of last year appears to be in jeopardy because of the absence of funding. Promising initiatives of the recent past ultimately failed because of a lack of funding support.

Four alternatives for funding statewide initiatives appear to be available. Each has advocates. Each has serious problems. None are easy. The alternatives discussed below are: (1) contributions from the community college districts; (2) separate appropriation by the legislature; (3) designation of a portion of state aid for statewide initiatives; and (4) imposition of a statewide tuition increment. This does not exhaust the list of possibilities; additional options may be identified in the ensuing dialogue.

Alternative 1: Contributions from the Community College Districts

When a statewide initiative has been identified and agreed upon (including scope, operational responsibilities, budget, and outcomes) through an appropriate dialogue including, at a minimum, the State Board, the community college presidents, and representatives of the district governing boards, an assessment of each district would be established. Funds would be advanced by the districts to the fiscal agent for the project (likely one of the community college districts) for application to the

project. The project would then move forward with appropriate reports to the sponsoring parties.

Applicability

This alternative is most applicable to one-time and short-duration projects involving relatively small amounts.

Advantages

It is possible to implement this alternative more quickly than any of the other alternatives.

It does not require permission or concurrence by any outside party.

Disadvantages

This alternative may be seen as a diversion of funds from district priorities.

All districts must participate; each district has, in effect, a veto of the initiative unless the other districts are willing to pick up the difference.

The appropriateness of the allocation among the districts can be contentious.

It is not a reliable source of funding for an ongoing project, since such agreements will need to be revisited each year.

Alternative 2. Separate Appropriation by the Legislature

When a statewide initiative has been identified and agreed upon (including scope, operational responsibilities, budget, and outcomes) through an appropriate dialogue including, at a minimum, the State Board, the community college presidents, and representatives of the district governing boards,

a request would be prepared for inclusion in the State Board budget presentation (critical issues letter) to the Governor. The request would be included as a high priority for funding in subsequent dialogue with the Office of Strategic Planning and Budget (OSPB), the Joint Legislative Budget Committee (JLBC), and with the Legislature.

Applicability

This alternative is appropriate for major initiatives with high impact and for moderately-expensive initiatives that will be ongoing statewide activities.

Advantages

The purpose of the funding is well defined.

Direct appropriation removes the concern about "taking money from the districts."

Disadvantages

The legislature generally does not wish to deal with matters that they believe can be handled within existing appropriations for community colleges.

The legislature is being asked to "micromanage" by deciding whether a particular project should move forward or not. This is a position into which most legislators would rather not be placed.

If the initiative is funded, there may be inappropriate restrictions or reporting requirements imposed.

It may be difficult to find alternative resources for a needed initiative if the request is not funded

Alternative 3. Designation of a Portion of State Aid for Statewide Initiatives

This is a variation of Alternative 2 that is likely more applicable when certain statewide initiatives have become established, ongoing activities. The requirements for the desired level of activity would be determined through an appropriate dialogue including, at a minimum, the State Board, the community college presidents, and representatives of the district governing boards. The primary difference between this alternative and the previous one is that the funding for statewide initiatives, which would have been included in the funding base, would be treated as part of the state aid appropriation. The appropriation act would contain a provision that some portion of state aid could be allocated by the State Board to such statewide initiatives. A request for continued or enhanced funding would be prepared for inclusion in the State Board budget presentation to the Governor. The request would be included as a high priority for funding in subsequent dialogue with the Office of Strategic Planning and Budget (OSPB), the Joint Legislative Budget Committee (JLBC), and with the Legislature.

Applicability

This alternative is most applicable to continued funding of established statewide activities previously funded and in the funding base.

Advantages

By considering a certain portion of the funding base to be allocated to established statewide activities, continued funding is possible without explicit authorization annually.

Because it is in the established funding base, concern about "taking money away from the districts" should be minimized.

Disadvantages

Any redirection of State Aid funds by the State Board will be of concern to some.

Alternative 4. Imposition of a Statewide Tuition Increment

When a statewide initiative has been identified and agreed upon (including scope, operational responsibilities, budget, and outcomes) through an appropriate dialogue including, at a minimum, the State Board, the community college presidents, and representatives of the district governing boards, the State Board would establish a tuition increment, applicable to all credit courses, that would be collected by the districts and remitted to the State Board for transfer to the fiscal agent for the project. The project would then move forward with appropriate reports to the State Board and the community college district boards.

At current enrollment levels (80,000 FTSE) a tuition increment of 10¢ per credit hour would yield $240,285.

Applicability

The use of this alternative should be restricted to statewide initiatives relating to students success.

Advantages

This alternative is within the present authority of the State Board. No external legislative or executive branch approval is required.

Disadvantages

This alternative places a direct burden on students.

This alternative constitutes a competition with the districts for available tuition dollars.

Suggested Outline for Implementing Alternatives

Because of its flexibility, Alternative 1 can be implemented at any time. The other alternatives require greater advanced planning. The following elements are suggested for the implementation of any alternative, and are particularly important for Alternatives 2 through 4. Because of the lengthy lead time for Alternatives 2 through 4, it may be necessary to employ Alternative 1 at the beginning of an initiative, even when the long range strategy involves one of the other alternatives.

Prior to July 1

The initiative to be funded the following year should be defined. Agreement needs to have been reached on the scope of the initiative, the operational responsibilities, the initial year's budget, expected future year budgets, and expected outcomes of the initiative.

By end of August

If Alternative 2 or 3 is to be employed, a detailed description of the initiative, and the related funding request, must be included in the Critical Issues letter accompanying the budget request. This request must be submitted prior to September 1 each year under current law.

By mid-November

If Alternative 2 or 3 is to be employed, a detailed strategy for lobbying the initiatives, along with the other budget requests, should be in place. Materials in support of the request should have been developed.

If Alternative 4 is to be employed, the districts must have been notified of the amount of the tuition increment for the coming academic year so that appropriate planning can take place with respect to the district's tuition request.

By end of December

If Alternative 2 or 3 is to be employed, and if this is for an ongoing activity, a report of the previous year's accomplishments, etc., should be presented to the Governor and JLBC through the State Board.

By April

If Alternative 4 is to be employed, final action on the tuition plans of the districts, including any statewide tuition increment, will be taken by the State Board in the April meeting.

July 1 a year later

Beginning of new fiscal year. This would be the effective date for funding under Alternatives 2 through 4.

Discussion

Discussion of this topic may be facilitated by considering the following topics and questions:

1. How do we decide on a statewide initiative that requires funding.

   Who can initiate the issue?

   Who must agree?

   When should this be done?

2. How do we decide on which funding alternative is appropriate for the particular initiative

   Who makes the decision?

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Who must concur?

When should this be done?

3. If the decision is for Alternative 1 (Contributions from the Community College Districts) –

Should there be an upper limit on the cost of an initiative to be funded in this manner?

If so, what should it be?

Should there be an outside limit on the duration of an initiative to be funded in this manner?

If so, what should it be?

How should the cost of the initiative be apportioned among the districts? (% of FTSE; % of State Aid appropriation; other?)

4. If the decision is for Alternative 2 (Separate Appropriation by the Legislature) –

Should there be a lower limit on the cost of an initiative to be funded in this manner?

If so, what should it be?

Should there be an outside limit on the duration of an initiative to be funded in this manner?

If so, what should it be?

What type of commitment should there be on the part of all parties to support the appropriations request?

5. If the decision is for Alternative 3 (Designation of a Portion of State Aid for Statewide Initiatives)

When is the funding for an activity properly considered to be a part of the funding base (and, thus, meeting the basic criterion for this category)?

What type of commitment should there be on the part of all parties to support the appropriations request?

6. If the decision is for Alternative 4 (Imposition of a Statewide Tuition Increment) –

Should there be a limit on the type of initiative that can properly be considered for this funding alternative?

If so, what should it be?

Should there be an upper limit for the sum of all statewide tuition levies?

If so, what should it be?